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Case No. 83-760

In The

Supreme Court of the United States

October Term, 1983

IN RE WILCO MARSH BUGGIES & DRAGLINES, INC., JOHN M. WILSON, SR., DEAN R. WILSON, and ROBERT J. WILSON, JR.

Petitioners.

BRIEF IN OPPOSITION TO PETITION FOR WRITS OF MANDAMUS AND PROHIBITION

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NOTICE UNDER SUPREME COURT RULE 28.1

This brief is filed on behalf of Respondents, Huey J. Rivet, the patentee of United States Patent No. 3,842,785, Louis Woodson, the exclusive licensee under the patent, and Kori Corporation, a non-exclusive licensee under the patent, all of whom were plaintiffs in the District Court and Appellees in the Court of Appeals in the Fifth Circuit. The Kori Corporation has the following affiliates: Laine Construction Co., Inc.; Woodson Construction Co., Inc.; Loumar Construction Co., Inc. and Glaser Construction Co., Inc.

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I. STATEMENT OF THE CASE

Respondents accept the statement of the case presented by Petitioners although two additional matters should be emphasized: First, Petitioners voluntarily filed the appeal in this case to the Court of Appeals for the Fifth Circuit and, second, both Petitioners' main brief and Plaintiffs/Appellees' brief were filed with the Court of Appeals for the Fifth Circuit before a belated motion was filed by Petitioners to transfer the appeal to the Court of

Appeals for the Federal Circuit. Subsequent to the denial of the transfer motion by the Fifth Circuit, the Petitioners herein filed their Reply Brief. A motion to strike portions of the Reply Brief for raising new issues is currently pending before the Court of Appeals for the Fifth Circuit.

II. REASONS FOR DENYING THE WRITS OF MANDAMUS AND PROHIBITION

A. The Fifth Circuit Properly Retained Jurisdiction Of This Case Because An Appeal Was Filed Prior To October 1, 1982, The Effective Date Of The Federal Courts Improvement Act Of 1982 ("1982 Act").

1. Section 403(e) Of The 1982 Act Gives Jurisdiction To The Court Of Appeals For The Fifth Circuit As An Exception To The Exclusive Jurisdiction Of The Court Of Appeals For The Federal Circuit In Patent Cases.

Respondents agree that the United States Court of Appeals for the Federal Circuit has exclusive jurisdiction of an appeal from a final decision of a District Court of the United States if the jurisdiction of the District Court was based, in whole or in part, on § 1338 of Title 28, providing the jurisdiction exception of Section 403(e) of the 1982 Act does not give jurisdiction to the Court of Appeals for the Fifth Circuit. Therefore, the issue is whether Section 403(e) of the 1982 Act is an exception to the exclusive jurisdiction of the Court of Appeals for the Federal Circuit for cases in which an appeal was filed to the Fifth Circuit (or any other regional court of appeals) prior to October 1, 1982, the effective date of the 1982 Act.

Section 403(e) of the 1982 Act reads as follows:

> "(e) Any case in which a notice of appeal has been filed in a district court of the United States prior to the effective date of this Act shall be decided by the court of appeals to which the appeal was taken."

In this case, it is undisputed that a notice of appeal was filed in the district court of the United States in early 1982, long prior to the October 1, 1982, the effective date of the 1982 Act. Therefore, under the express language of the 1982 Act, the Fifth Circuit has jurisdiction of this case.

2. The Exception Provided By Section 403(e) Of The 1982 Act Was Expressly Carved Out Of The Jurisdiction Of The Court Of Appeals For The Federal Circuit.

As the legislative history shows, the purpose of this section was to provide for "the orderly disposition of cases pending on the effective date of the bill." (A-186).

The facts in this case point up the need to provide for the orderly disposition of cases which are pending before a court of appeals at the time jurisdictional changes are made. In the present case, the Fifth Circuit had decided the issues of validity and infringement of the patent in suit. The issues presented on appeal after October 1, 1982 were the issues of damages, increased damages and attorney fees which were potentially implicated with the facts previously considered by the Fifth Circuit. As the Fifth Circuit recognized, there was a potential implication of those issues with the issues previously presented on appeal to the Fifth Circuit. For the Court of Appeals for the Federal Circuit to review this case which has already been reviewed and decided by the Fifth Circuit Court of

Appeals on the underlying substantive issues would result in an unnecessary waste of judicial time and certainly cannot be construed to be an "orderly disposition" of the case. The Fifth Circuit therefore properly construed Section 403(e) as applicable to the facts of this case.

3. Contrary To Petitioners' Position, The Legislative History Indicates That The Jurisdiction Of The Court Of Appeals For The Federal Circuit Was To Be Strictly Construed.

As stated in the House of Representatives Report No. 97-312 of the 97th Congress, First Session, which commented on the legislative Bill H.R. 4482, which became the Federal Courts Improvement Act of 1982 (P.L. 97-164), the amendment to § 1291 of Title 28, United States Code, was to make it "perfectly clear that the new court is a court of limited jurisdiction." (p. 39; A-175). Further, the report states on page 40 (A-176) as follows:

> "Before discussing the court's jurisdiction, it bears repetition here that the Federal courts are courts of limited jurisdiction. There is never a presumption in favor of jurisdiction, and the basis for that jurisdiction always must be affirmatively shown. It is not sufficient that jurisdiction merely be inferred argumentatively."

And that comment was followed on the next page of the report, page 41 (A-177) with the following statement:

> "Fears have been expressed that the Court of Appeals for the Federal Circuit will appropriate for itself large elements of Federal law under its section 1295 (a) (1) grant of jurisdiction."

Petitioners' brief makes it appear that it is the regional courts of appeals that have limited jurisdiction vis-a-vis the Court of Appeals for the Federal Circuit,

whereas it is clear from the legislative history that it is the Court of Appeals for the Federal Circuit which has the limited jurisdiction—only to the extent specified in the statute.

A statutory exception of Section 403(e) of the 1982 Act was to permit the disposition of cases in orderly fashion in the regional courts of appeals rather than transferring all cases to the Court of Appeals for the Federal Circuit.

4. Although Congress Had The Objective In The 1982 Act Of Eliminating Forum Shopping, That Objective Is Not Affected By The Exception Provided In Section 403(e) Of The 1982 Act.

Petitioners stress the fact that the 1982 Act was to eliminate forum shopping in patent cases, yet the Petitioners are seeking to use the 1982 Act to allow it to forum shop as between the Fifth Circuit and the Court of Appeals for the Federal Circuit.

Respondents agree that the elimination of forum shopping was a major objective in establishing the Court of Appeals for the Federal Circuit with exclusive jurisdiction of patent appeals under Title 28 U. S. C. § 1338. However, the exception provided by Section 403(e) of the 1982 Act does not in any sense permit forum shopping inasmuch as all of the cases that are covered by Section 403(e) have already been filed and were pending on appeal in the regional courts of appeal by the effective date of the 1982 Act. Therefore, the objective of the 1982 Act to eliminate forum shopping at the District Court level has no bearing on the limited exception provided by Section 403(e) of the 1982 Act. However, to permit the Petitioners' writ

to issue would permit them to shop the forum to hear its appeal. To permit this reverse form of forum shopping by Petitioners based on a too liberal view of the 1982 Court Improvement Act would be the ultimate wrong considering the fact that the undesirability of forum shopping motivated Congress to transfer jurisdiction over patent appeals to the Court of Appeals for the Federal Circuit.

B. Petitioners Have Not Cited Any Case In Which There Was A Jurisdictional Challenge Where The Court Of Appeals For The Federal Circuit Has Taken Jurisdiction In The Damages Phase Of A Case After A Regional Court Of Appeals Had Decided Closely Related Validity And Infringement Issues.

Petitioners have cited cases in which the Court of Appeals for the Federal Circuit has taken jurisdiction after October 1, 1982 in the damages phase of a case after a regional court of appeals had decided the validity and infringement issues, but Petitioners have not shown that any of those cases had any jurisdictional challenge by any party or any court of appeals.

Even if the Court of Appeals for the Federal Circuit did not have subject matter jurisdiction in those cases, that does not mean that the judgments are defective. See, for example, Wright, Miller & Cooper, Federal Practict & Procedure, Ch. 13, § 4428, where it is stated:

> "Today, it is safe to conclude that most federal court judgments are res judicata notwithstanding a lack of subject matter jurisdiction." (page 272)
>
> "Res judicata policies are commonly thought to be strongest if the jurisdictional question was actually

> litigated and resolved. There may not be much diminution in the importance of res judicata, however, if the case was litigated on the merits without any jurisdictional objection. It could even be urged that res judicata policies weigh more heavily against a party who has bypassed an available opportunity to raise the jurisdictional issue." (page 276)

There is nothing to indicate that the Court of Appeals for the Federal Circuit considered the jurisdictional exception in Section 403(e) of the 1982 Act.

Petitioners have cited no instance in which the Court of Appeals for the Federal Circuit was asked to focus on Section 403(e) of the 1982 Act, and Respondents have not found any such focus by the Court of Appeals for the Federal Circuit. Therefore, the mere fact that the Court of Appeals for the Federal Circuit has taken jurisdiction of some damage cases does not mean that jurisdiction in this case is properly with that court.

On the other hand, the Court of Appeals for the Fifth Circuit has squarely addressed the issue in this case because Petitioners brought that issue to the attention of the Court of Appeals for the Fifth Circuit. The Court of Appeals for the Fifth Circuit recognized that the orderly disposition of the present case mandated a retention of the case under Section 403(e). In view of the legislative history which provided the exception in Section 403(e), the proper interpretation of that Section would permit jurisdiction in the regional Court of Appeals such as the Fifth Circuit where the issues decided on the first appeal were intertwined with the issues on the second appeal in a bifurcated trial at the District Court level.

C. Since The Court Of Appeals For The Fifth Circuit Has Jurisdiction In This Case, There Is No Basis For The Transfer Of This Case To The Court Of Appeals For The Federal Circuit.

One of the three requirements for the transfer of a case under 28 U. S. C. § 1631 (1982) is that the court "finds that there is a want of jurisdiction." The Fifth Circuit Court of Appeals has found in this case that there is not a want of jurisdiction but, to the contrary, the Court of Appeals for the Fifth Circuit has jurisdiction under Section 403(e) of the 1982 Act. Since the Fifth Circuit Court of Appeals has jurisdiction of this case, there is no need to consider the other two requirements of Section 1631.

III. CONCLUSION

The Court of Appeals for the Fifth Circuit properly retained jurisdiction of this case under Section 403(e) of the 1982 Act, which is an exception to the Federal Courts Improvement Act of 1982. As indicated by the legislative history, that exception to the exclusive jurisdiction of the Court of Appeals for the Federal Circuit in patent cases was provided for the "orderly disposition of cases" in which "a notice of appeal" had been filed in the regional Court of Appeals before the effective date of the 1982 Act.

Since the Court of Appeals for the Federal Circuit has jurisdiction of the present case under Section 403(e)

of the 1982 Act, the motion to transfer the case is not proper under 28 U. S. C. § 1631.

Therefore, Respondents submit that the Writs of Mandamus and Prohibition sought by Petitioners should be denied.

Respectfully submitted,

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